



GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service
United States Department of Agriculture

April 27, 1998

UP-Back To Recovery. Long-suffering Union Pacific Corporation (UP) is recuperating from its congestion problems. Last Wednesday, UP canceled the embargo of southbound rail traffic destined for Laredo, Texas, and has discontinued the permit system that was used to regulate traffic through that border crossing. It has since reported progress in reducing freight congestion along rail routes in the Southwest and at that busy Mexican border crossing. Also, operations between Texas and rail gateways to the Midwest and Southeast have improved. Operating efficiency statistics show improvement in most cases, including faster handling of cars in freight yards, improved train speeds, and a modest decline in the number of delayed trains. A 50 percent decline in the train backups has caused an improvement in freight inventory. In addition to the embargo lift, UP reported a first-quarter loss of \$62 million. While the results were significantly better than the previous quarter's \$152 million loss, UP fell far short of the \$128 million profit, or 52 cents a share, earned in the first quarter of last year. They reported that traffic jams cut \$1.05 from UP's earning, per diluted stock share, and rail revenues were down 11 percent from a year earlier while operating costs rose 1 percent, "as a result of the severe difficulties and the cost associated with the recovery plan." (*Journal of Commerce, Reuters, Knight-Ridder*)

U.S. Exports To Japan Hold Steady. The dismal state of the Asian economy is keeping United States exports of farm products to Japan at a relatively constant rate of \$13.2 billion, reports a U.S. Agricultural attache in Tokyo. This projection would be roughly the same as the 1997 export level of \$13 billion, enough to maintain the U.S. share of Japan's farm market at approximately 36 percent. U.S. exports to Japan also face increased competition from other Asian nations as the relative strength of the dollar increases compared to other Asian currencies. In a related report, the Senate and House Agriculture Committees may ask the Missouri Food and Agricultural Policy Research Institute (FAPRI) to revise its most recent (February) forecast to reflect the increased deterioration of the Asian economy. The group, which compiles the annual government financed report, will show a definite decrease in exports, such as corn, if the decision is made to revise the report. (*Bridge News, Journal of Commerce*)

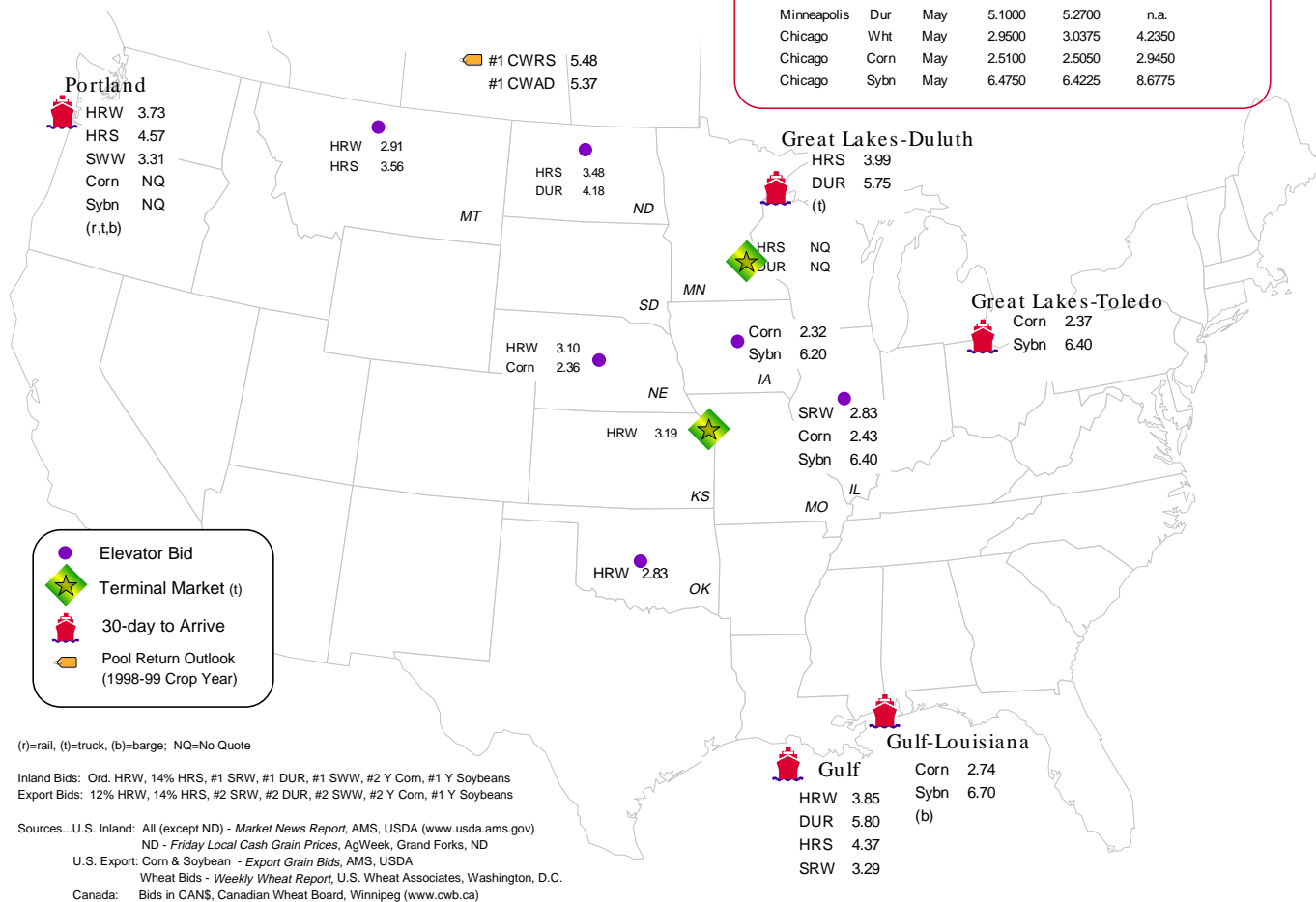
China Seeks To Increase Exports. Grain traders have reported that China plans to substantially increase exports of many agricultural commodities in an effort to ease the burden on its storage facilities and maintain domestic grain prices. The 1998 production forecast approximately equals that of 1997, which realized grain production of 492 million metric tons. This followed 2 record crop years of 1995 and 1996, with grain production of 466.6 and 504.5 million metric tons, respectively. In addition, the Chinese government stimulates production through setting high procurement prices, causing China's domestic grain prices to be higher than those on the world market. Since releasing stocks domestically will cause prices to fall, exports are its only economically feasible alternative to relieve storage pressure. However, this will also mean significant government subsidies will be necessary in order to make the grain competitive on the world market. It has been reported that in 1998 China plans to export, among other commodities, 8 million metric tons of corn and 300,000 metric tons of wheat. In comparison, 1997 corn exports were 6.6 million metric tons, and wheat exports were 710 metric tons. The abundance has given Chinese premier, Zhu Rongji, reason to state that China would not be affected if it were faced with 2 years of poor crop production. (*Bridge News*)

House Hearings Open On Rails. House transportation leaders have begun a series of hearings on rail competition and the troubled state of the industry. The House subcommittee, chaired by Representative Bob Franks (Republican, New Jersey) held a hearing Wednesday on the state of the industry. As reported by the Journal of Commerce, further hearings are scheduled for May 6 on rail mergers, lines sales, and intercarrier deals. A third hearing is to be held May 13 on the captive shipper rate issue and Surface Transportation Board (STB) regulation. (*Journal of Commerce*)

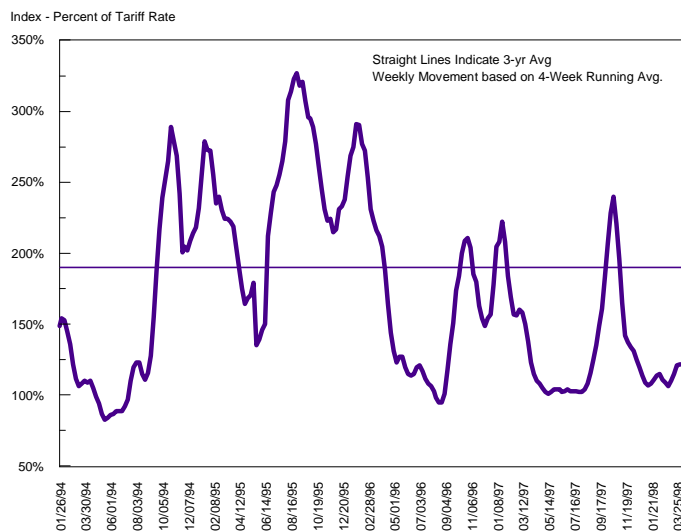
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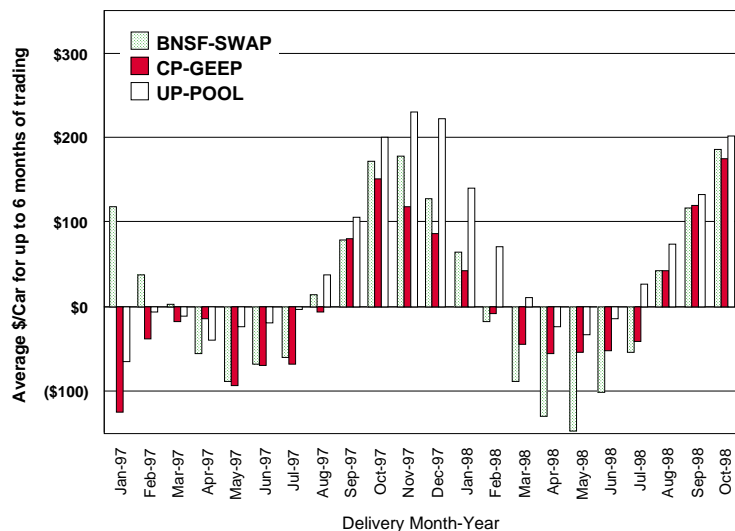
Grain Bid Summary



Spot Barge Rate - Illinois River



Secondary Rail Market Bids



Rail Car 'Auction' Offerings

Delivery for:	June-98		August-98	
	<u>Offered</u>	<u>% Sold</u>	<u>Offered</u>	<u>% Sold</u>
BNSF-COT	21,529	9%	no offer	
UP-GCAS	5,400	56%	no offer	

Source: Transportation & Marketing /AMS/USDA; www.bnsf.com; www.uprr.com

Secondary Rail Car Market

Average Premium/Discount to Tariff, \$/Car - Last Week

	Delivery Period			
	May-98	Jun-98	Jul-98	Aug-98
BNSF-COT	\$(216)	\$(158)	\$(56)	\$28
CP-GEEP	\$(74)	\$(57)	\$(44)	\$62
UP-Pool	\$(16)	\$37	\$89	\$104

Source: T&M/AMS/USDA. Data from Atwood/ConAgra., Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.;

GF=Guaranteed Freight, GEEP=Guaranteed Eqpt. Exchange, Pool=Guaranteed Pool

note... bids listed are market INDICATORS only & are NOT guaranteed prices, missing value=No Bid Quoted

Railroad Car 'Auction' Results

Average Premium/Discount to Tariff, \$/Car - Last Auction

Delivery for:	Jun-98	Aug-98	Sep-98
COT/N. Wheat	no bid	no offer	no offer
COT/S. Corn	no bid	no offer	no offer
GCAS/Region 2	\$3	no offer	no offer
GCAS/Region 4	\$54	no offer	no offer

Source: T&M/AMS/USDA. Data from www.bnsf.com, www.uprr.com, (COT=Certificate of Transportation; GCAS=Grain Car Allocation System)**Southbound Barge Freight Contract Rates***

Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

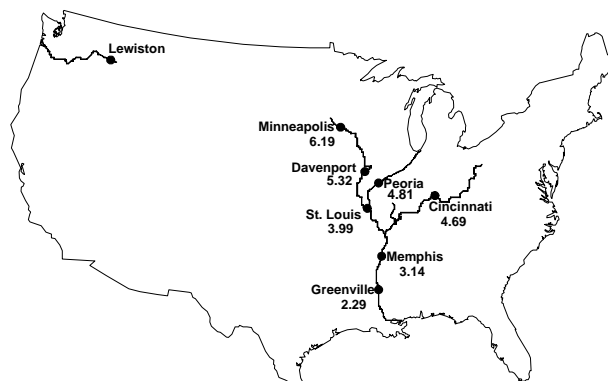
Week ended	River/Region	Contract Period	Rate
4/24/98	Upper Miss.	this week	155
	Mid Mississippi	this week	130-140
		May	125
	Illinois River	this week	125-130
		next week	125
	St. Louis	this week	95-100
	Lower Ohio	this week	100
		October	205
	Lower Miss.	this week	90-100

Southbound Barge Freight Rates

	4/22/98	4/15/98	May '98	July '98
Twin Cities	163	168	147	143
Mid-Mississippi	95	139	123	120
Illinois River	130	128	113	110
St. Louis-Cairo	97	98	92	93
Lower Ohio	95	98	102	103
Cairo-Memphis	90	91	88	92

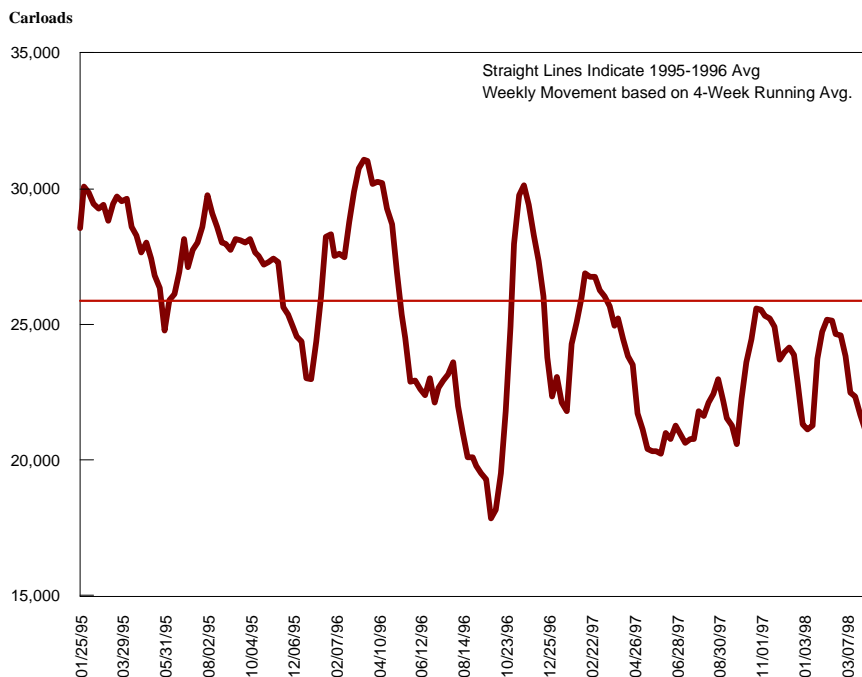
Source: Transportation & Marketing /AMS/USDA
nq- no quote

* Merchants Exchange of St. Louis Daily Barge Call Session-

**Barge Benchmark Tariff Rates
Est. 1976 - 'Tariff No. 7'**

Grain Car Loadings for Class I Railroads

Class I Railroad Grain Car Loadings	
Week Ending:	Carloads
4/4/98	21,145
4/11/98	19,046
4/18/98	20,803
Year to Date - 1998	345,190
Year to Date - 1997	402,256
Total 1997	1,199,995
Total 1996	1,235,123
Source: American Association of Railroads	



Class I Rail Carrier Grain Car Bulletin

Carloads

	East				West			Canada	
	Conrail	CSXT	IC	NS	BNSF	KCS	UP	CN	CP
04/18/98	560	2,705	1,157	2,493	7,657	499	5,732	1,912	4,554
This Week Last Year	508	2,192	1,372	1,806	8,937	625	7,254	3,325	5,132
1998 YTD	11,102	37,422	19,503	38,663	131,075	10,172	97,253	40,923	65,939
1997 YTD	8,419	39,875	27,178	40,592	136,247	10,805	136,360	44,516	71,956
1996 Total	31,733	111,509	48,695	131,568	432,687	30,009	439,865	129,714	181,387
1995 Total	37,851	133,755	61,612	139,043	410,274	34,393	447,786		

Source: American Association of Railroads

Tariff Rail Rates for Unit Train Shipments

April 1998

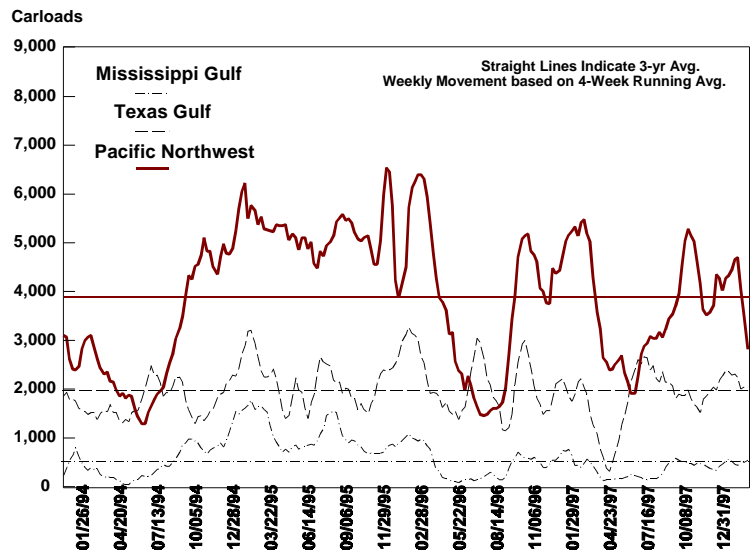
Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
01/17/98	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,050	\$18.60	\$0.62
11/06/97	43521	Wheat	Minneapolis, MN	Portland, OR	\$4,027	\$36.54	\$1.21
11/17/97	46531	Wheat	Kansas City, MO	Houston, TX	\$1,450	\$13.16	\$0.44
01/13/98	43586	Wheat	Kansas City, MO	Portland, OR	\$3,812	\$34.59	\$1.14
01/13/98	43581	Wheat	Omaha, NE	Portland, OR	\$3,505	\$31.81	\$1.05
09/16/97	31040	Corn	Minneapolis, MN	Portland, OR	\$2,865	\$22.87	\$0.80
01/15/98	33111	Corn	Kansas City, MO	Houston, TX	\$1,450	\$11.57	\$0.41
10/01/97	31035	Corn	Kansas City, MO	Portland, OR	\$2,600	\$20.75	\$0.73
09/16/97	31040	Corn	Omaha, NE	Portland, OR	\$2,485	\$19.83	\$0.70
11/16/97	61180	Soybean	Minneapolis, MN	Portland, OR	\$3,080	\$27.95	\$0.92
11/16/97	61180	Soybean	Omaha, NE	Portland, OR	\$2,780	\$25.23	\$0.83

Source: www.bnsf.com

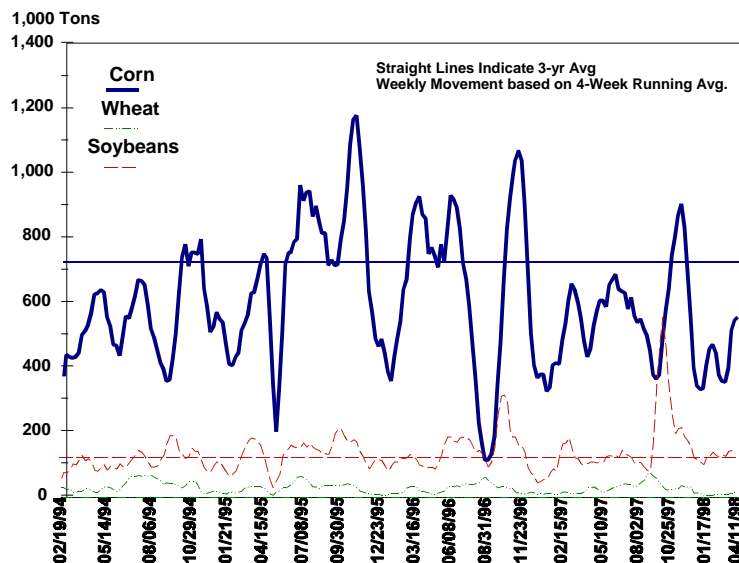
Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

Rail Deliveries to Port				
Carloads				
	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
04/01/98	322	2,409	2,753	200
04/08/98	528	2,000	1,482	144
04/15/98	488	1,725	950	218
YTD 1998	7,179	31,629	56,151	4,804
YTD 1997	8,683	28,928	74,264	2,498
Total 1997	20,152	93,265	194,905	9,147
Total 1996	25,899	113,804	199,709	11,304
Total 1995				

Rail Deliveries to Port



Barge Movements - Locks 27

Barge Grain Movements
for week ending 04/18/98

	Corn	Wht	Sybn	Total
	1,000 Tons			
Mississippi River				
Rock Island, IL (L15)	161	14	45	219
Winfield, MO (L25)	34	0	24	58
Alton, IL (L26)	209	0	64	280
Granite City, IL (L27)	227	14	61	308
Illinois River (L8)	99	0	39	139
Ohio (L52)	22	1	8	73
Arkansas (L1)	0	32	5	36
1998 YTD	6,987	388	2,507	11,185
1997 YTD	8,177	402	2,331	12,426
Total 1997	29,685	2,689	9,584	45,315
Total 1996	34,210	2,348	8,297	48,963

Miss YTD: Calendar year totals include Miss/27,
Ohio/52 and Ark/1.

Source: U.S. Army Corp of Engineers

U.S. Export Balances* (1,000 Metric Tons)

	<i>HRW</i>	<i>SRW</i>	<i>HRS</i>	<u>Wheat</u> <i>SWW</i>	<i>DUR</i>	<i>All</i>	<u>Corn</u>	<u>Soybean</u>	<u>Total</u>
<u>Unshipped Exports-Crop Year</u>									
04/16/98	1,039	263	1,104	550	178	3,135	5,625	1,671	10,431
This Week Year Ago	1,074	180	912	407	260	2,832	7,869	3,568	14,269
<u>Cumulative Exports-Crop Year</u>									
97/98 YTD	8,778	4,536	5,432	5,014	1,147	24,906	23,668	21,144	69,718
96/97 YTD	6,910	3,548	7,127	5,637	845	24,067	30,779	20,062	74,908
95/96 Total	9,867	6,792	8,918	6,443	897	32,917	55,769	23,550	112,236
94/95 Total	10,157	5,453	7,686	5,837	893	30,026	54,742	23,410	108,178

Source: Foreign Agricultural Service YTD-Year-to-Date (fas.usda.gov) Crop Year: Wheat=5/31-6/01, Corn & Soybeans=9/01-8/31

Select U.S. Port Regions - Grain Inspections for Export - 1,000 Metric Tons

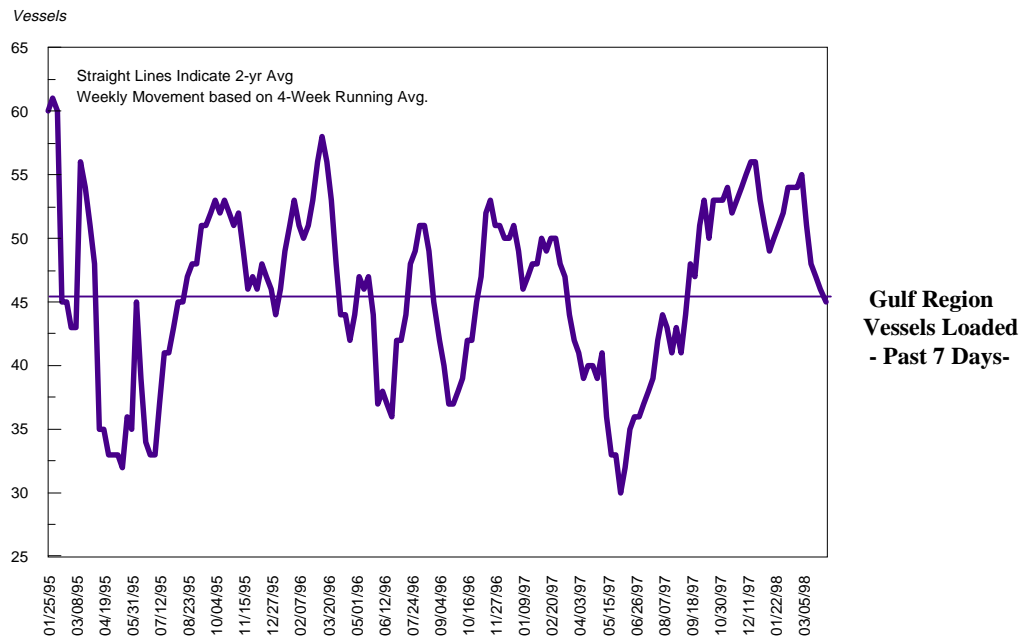
	<u>Pacific Region</u>			<u>Mississippi Gulf</u>			<u>Texas Gulf</u>		
	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>
04/23/98	215	80	0	119	340	32	57	8	0
1998 YTD **	2,783	2,346	348	1,767	7,686	6,155	1,835	62	474
1997 YTD **	3,636	4,134	672	1,117	8,988	6,801	733	854	392
% of Last Year	77%	57%	52%	158%	86%	91%	250%	7%	121%
1997 Total	11,156	9,728	1,764	6,349	28,183	18,658	5,106	1,001	1,014
Source: Federal Grain Inspection Service *Year Ago-This Week a Year Ago ** YTD-Year-to-Date									

Select Canadian Ports - Export Inspections

1,000 Metric Tons, Crop Year

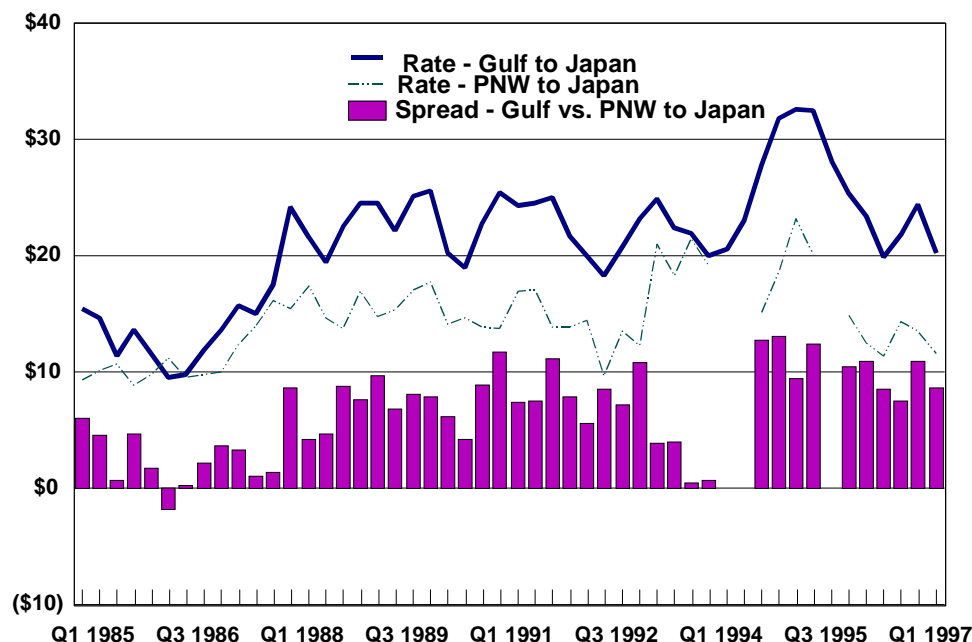
	<u>Wheat</u>	<u>Durum</u>	<u>Barley</u>
Week Ended: 04/24/98			
Vancouver	5,018	930	862
Prince Rupert	3,197	31	320
Prairie Direct	879	285	322
Thunder Bay	318	267	227
St. Lawrence	3,079	1,537	8
1997 YTD Exports	12,491	3,050	1,739
1996 YTD Exports	9,627	2,737	2,469
% of Last Year	130%	111%	70%

Source: Canadian Grains Commission *Year Ago-This Week a Year Ago ** YTD-Year-to-Date Crop Year 8/1-7/31



Port Region Ocean Grain Vessels									
	Gulf			Pacific Northwest			Vancouver, B.C.		
	In Port	Loaded 7-Days	Due Next 10-Days	In Port	Loaded 7-Days	Due Next 10-Days	In Port	Loaded 7-Days	Due Next 10-Days
04/16/98	39	43	46				11	7	1
04/23/98	22	45	48	19			14	14	0
1997 Range	(11..52)	(25..61)	(31..89)						
1996 Range	(17..46)	(38..61)	(27..88)						
1997 Avg	37	46	62						
1996 Avg	31	45	60						
1995 Avg	31	46	61						
Source: Transportation & Marketing /AMS/ USDA									

US\$/Metric Ton



Quarterly Ocean Freight Rates

Quarterly Ocean Freight Rates

Weighted Average Rates & Vessel Size, U.S. Dollars/Metric Ton - Basis

	1997 4 th Qtr	1996 4 th Qtr	% Change		1997 4 th Qtr	1996 4 th Qtr	% Change
Gulf to				Pacific NW to			
Japan	\$22.01	\$22.64	-3%	Japan	\$13.34	\$14.66	-9%
Mexico	\$13.97	\$14.96	-7%	Red Sea/ Arabian Sea	\$20.18	\$22.74	-11%
Venezuela	\$13.59	\$12.62	8%				
N. Europe	\$11.34	\$13.28	-15%	Argentina to			
N. Africa	\$14.80	\$15.87	-7%	N. Europe	\$16.12	\$18.15	-11%
				Japan	\$23.23	\$30.37	14%

Source: Transportation & Marketing/AMS/USDA

Ocean Freight Rates

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
Gulf	Japan	Grains/Heavy Grains	April/June	36,000-60,000	\$17.75-19.15
Gulf	So. Korea	Heavy Grains	May	31,500	\$16.50
Gulf	Holland	Grains	May	88,000	\$9.00
Tampa	Antwerp/Hamburg	Wheat	Prompt	24,750	\$16.00
Rio Grande (Brazil)	Egypt	Grains	Prompt	25,000	\$17.00
River Plate	Phillippines	Heavy Grains	Prompt	25,000	\$29.00
River Plate	Taiwan	Heavy Grains	May	54,000	\$17.50
Rotterdam	So. Korea	Heavy Grains	April	52,500/55,000	\$15.00
So. Brazil	Lisbon/Hamburg	Grains	April/May	32,000	\$14.75

Source: Maritime Research Inc.